

## DEPARTMENTAL BUDGET INFORMATION

### FINANCE (23)

#### MISSION

The mission of the Finance Department is to sustain the City's financial solvency, provide finance-based services to City departments and facilitate economic growth in Detroit through the effective and efficient management of resources and processes that provide essential services, a safer environment and an improved business climate for a World Class City's public and private sector customers.

#### DESCRIPTION

The Finance Department's principal responsibilities focus upon safeguarding the City's financial position by maximizing revenues, controlling expenditures, managing risk exposure, monitoring debt parameters and reporting financial information.

The Finance Department is comprised of various divisions. The **Administrative** division sets and maintains policies and procedures to be used throughout the Department. The **Assessments, Treasury and Income Tax** divisions of Finance are responsible for property valuation and for collecting property taxes, income taxes and utility users taxes owed to the City. The **Accounts** division is responsible for maintaining accounting controls, the pre-audit of expenditures, and processing all payments including payrolls. The **Purchasing** division is responsible for the processing of City purchase orders and Contracts. The **Risk Management** unit protects the assets and earning power of the City from loss or destruction and is responsible for maintaining the self-insurance Risk Management Fund and (administers various safety programs). The **Debt Management** unit is responsible for

financing the City's capital needs and those of quasi-public agencies, and for investing all City funds, excluding Pensions Funds. This division also administers the City's deferred compensation plan. The **Pension** division is responsible for the administration of the employee pension and retirement systems.

#### MAJOR INITIATIVES

Customer service and safety initiatives continue to be the primary objectives of the Finance Department. Business processes are continuously being modified and refined in an effort to provide improved service. Loss prevention programs are being expanded to further reduce injuries and accidents, thus lowering the City's workers compensation payroll and other accident claims that are made against the City. In keeping these costs to a minimum, tax dollars can be better utilized for their intended purpose of serving the taxpayers and other valued customers of the City of Detroit.

The Government Accounting Standards Board's publication of GASB 34 redefines accounting and reporting procedures for state and local governments, and now requires the City of Detroit to significantly change the way its financial information is reported. This accounting standard requires detailed information on fixed assets including the City's entire infrastructure system, such as its bridges, roads and storm sewers. The City must depreciate its assets on a regular basis, and also report financial changes similar to those requirements for private enterprise, in that it must report on the state of its overall financial health as well as by individual Fund. The goal of this new reporting requirement is to enhance

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clarity and the usefulness of governmental financial statements.

The Finance Department is replacing the Treasury Division's Billing and Accounts Receivable (BARS) System. This new system will add numerous improvements to the billing and collection processes, and will also provide access to property account information to our residents, property owners and other stakeholders. This will also eliminate reliance upon any manual processes. It is envisioned that the initial phases of this project will begin during FY 2002-03.

The Risk Management Section is currently investigating the merits of implementing Voluntary Protection Program Guidelines whereby workplace accidents are evaluated in summary fashion and recommendations for prevention are made to administration. It has been shown that when this process is followed, the cost of work related injuries and illnesses can be reduced by as much as thirty percent.

The Income Tax Division is in the process of procuring a State Automated Compliance System. This on-line query system will allow the City of Detroit to compare City tax records to Federal tax records, affording the Income Tax Division the ability to review, compare and analyze data related to the City's individual and Corporate taxpayer returns yielding superior tax enforcement. A few of the efficiencies this program will offer are the ability to locate and bill non-

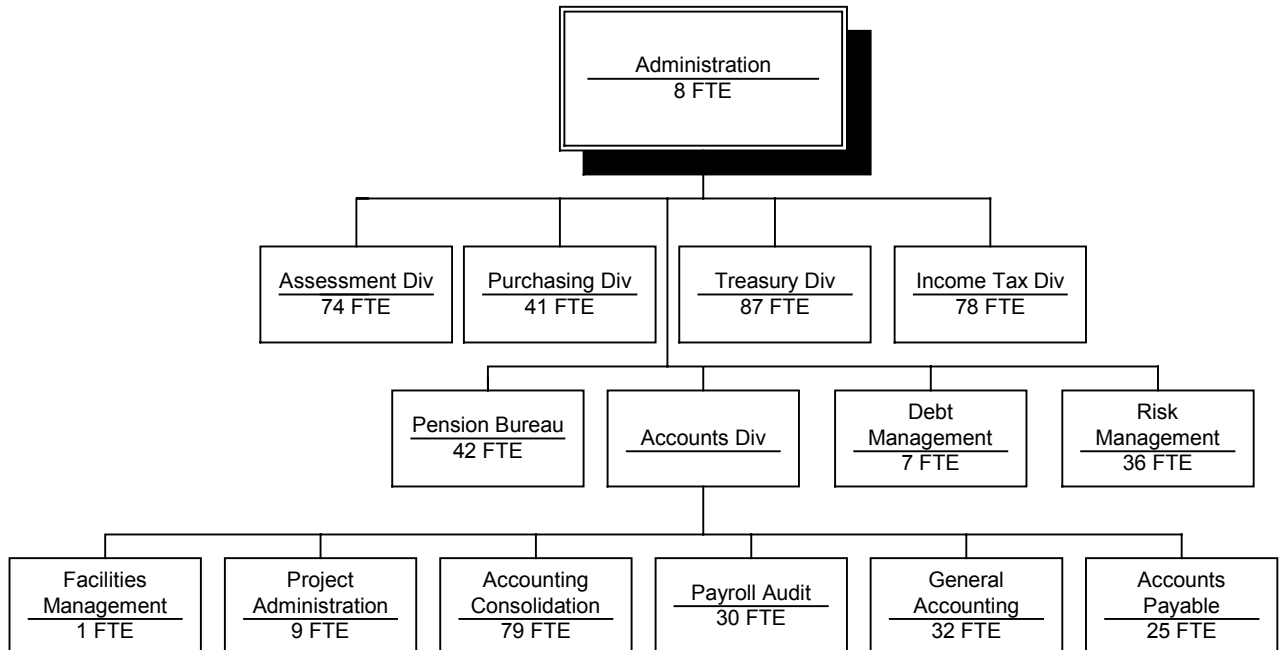
filers quickly, locate underreported income on City returns, and improved access to taxpayer data such as address and social security information. This will result in improved income tax collection rates and an increase in compliance with income tax regulations.

#### **PLANNING FOR THE FUTURE**

The Risk Management Section will begin researching the feasibility of instituting an Effective Transitional Work Program as a means of reducing disabling injuries. A major element of this plan would call for a thorough review of those job descriptions where there is a high incidence of work-related injury and illness associated with the performance of these duties. Job tasks would be rated in terms of sedentary, light and medium work. This study would assist in identifying those aspects of these job assignments that require modification to reduce injuries to the City's workforce.

The Income Tax Division plans to improve customer service through the acquisition of an Interactive Voice Response System. This telecommunications system will provide automatic routing of calls and will be available to taxpayers 7 days/24 hours, and offers the taxpayer the ability to access their tax account information at any time. These efficiencies will yield faster responses to income tax inquiries and will allow for a redeployment of staff to improve operations in other areas of the Income Tax Division such as enforcement and collection.

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**PERFORMANCE GOALS, MEASURES AND TARGETS**

<b>Goals: Measures</b>	<b>2000-01 Actual</b>	<b>2001-02 Projection</b>	<b>2002-03 Target</b>
Improve the City's financial position by managing exposure to risk: Timely investigation of all accident reports	2.0 days	2.0 days	2.0 days
Improve payment processing time by upgrading systems and continuously improving internal operations: Percent of valid invoices paid in 45 days	90%	99%	100%
Facilitate business development and economic growth by providing timely and accurate analysis and arrangements: Publish the CAFR	April 2002	March 2003	December 2003
Add value for our customers and stakeholders through the effective, efficient management and Safeguarding of the City's financial activities, Assets and human resources: Percent of current property tax levy collected in current year	85.7 5	86%	92%

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**EXPENDITURES**

	2000-01 Actual Expense	2001-02 Redbook	2002-03 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 19,390,388	\$ 23,037,624	\$ 22,045,937	\$ (991,687)	-4%
Employee Benefits	9,291,216	11,581,414	11,055,431	(525,983)	-5%
Prof/Contractual	6,060,355	8,102,863	4,726,669	(3,376,194)	-42%
Operating Supplies	354,041	436,148	807,225	371,077	85%
Operating Services	4,570,182	5,157,621	5,370,779	213,158	4%
Capital Equipment	550,616	108,833	57,113	(51,720)	-48%
Capital Outlays	146,752	-	-	-	0%
Fixed Charges	648,870	565,400	367,276	(198,124)	-35%
Other Expenses	1,273,031	860,300	329,600	(530,700)	-62%
<b>TOTAL</b>	<b>\$ 42,285,451</b>	<b>\$ 49,850,203</b>	<b>\$ 44,760,030</b>	<b>\$ (5,090,173)</b>	<b>-10%</b>
<b>POSITIONS</b>	<b>495</b>	<b>577</b>	<b>549</b>	<b>(28)</b>	<b>-5%</b>

**REVENUES**

	2000-01 Actual Revenue	2001-02 Redbook	2002-03 Mayor's Budget Rec	Variance	Variance Percent
Fines/Forfeits/Penalties	\$ 28,714	\$ 23,000	\$ 23,000	\$ -	0%
Sales & Charges	4,011,025	6,293,149	7,367,963	1,074,814	17%
Sales of Assets	303	2,000	2,000	-	0%
Miscellaneous	160,748	264,581	250,526	(14,055)	-5%
<b>TOTAL</b>	<b>\$ 4,200,790</b>	<b>\$ 6,582,730</b>	<b>\$ 7,643,489</b>	<b>\$ 1,060,759</b>	<b>16%</b>

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